

JUN 03 2008

UNITED STATES DISTRICT COURT
Eastern District of WashingtonJAMES R. LARSEN, CLERK
DEPUTY
RICHLAND, WASHINGTON

UNITED STATES OF AMERICA

V.

Animal Pharmaceuticals, Inc.,

****AMENDED JUDGMENT IN A CRIMINAL CASE**
(For Organization Defendants)

Case Number: 2:06CR02116-001

Ellen McLaughlin

Defendant Organization's Attorney

Date of Last Amnd Judgment 5/19/08

☒ **Correction of Sentence for Clerical Mistake (Fed. R. Crim. P.36)**THE DEFENDANT ORGANIZATION:**☒ pleaded guilty to count(s) 1 of the Information☐ pleaded nolo contendere to count(s) _____
which was accepted by the court.☐ was found guilty on count(s) _____
after a plea of not guilty.

The organizational defendant is adjudicated guilty of these offenses:

Title & Section	Nature of Offense	Offense Ended	Count
21 U.S.C. § 331(k)	Conspiracy to Misbrand a Drug While Held for Sale	10/20/2005	1sss

The defendant organization is sentenced as provided in pages 2 through 7 of this judgment.☐ The defendant organization has been found not guilty on count(s) _____☒ Count(s) All Remaining Counts ☐ is ☒ are dismissed on the motion of the United States.

It is ordered that the defendant organization must notify the United States attorney for this district within 30 days of any change of name, principal business address, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant organization must notify the court and United States attorney of material changes in economic circumstances.

2/13/2008

Date of Imposition of Judgment

Signature of Judge

Edward F. Shea
Name of JudgeJudge, U.S. District Court
Title of Judge

Date

June 3, 2008

DEFENDANT ORGANIZATION: Animal Pharmaceuticals, Inc.,
CASE NUMBER: 2:06CR02116-001

PROBATION

The defendant organization is hereby sentenced to probation for a term of :
5 years

The defendant organization shall not commit another federal, state or local crime.

If this judgment imposes a fine or a restitution obligation, it is a condition of probation that the defendant organization pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant organization must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page (if indicated below).

STANDARD CONDITIONS OF SUPERVISION

- 1) within thirty days from the date of this judgment, the defendant organization shall designate an official of the organization to act as the organizations's representative and to be the primary contact with the probation officer;
- 2) the defendant organization shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 3) the defendant organization shall notify the probation officer ten days prior to any change in principal business or mailing address;
- 4) the defendant organization shall permit a probation officer to visit the organization at any of its operating business sites;
- 5) the defendant organization shall notify the probation officer within seventy-two hours of any criminal prosecution, major civil litigation, or administrative proceeding against the organization;
- 6) the defendant organization shall not dissolve, change its name, or change the name under which it does business unless this judgment and all criminal monetary penalties imposed by this court are either fully satisfied or are equally enforceable against the defendant's successors or assignees; and
- 7) the defendant organization shall not waste, nor without permission of the probation officer, sell, assign, or transfer its assets.

DEFENDANT ORGANIZATION: Animal Pharmaceuticals, Inc.,
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SPECIAL CONDITIONS OF SUPERVISION

14. Defendant shall provide the supervising probation officer with access to any requested financial information, including authorization to conduct credit checks and obtain copies of defendant's Federal income tax returns. Defendant shall disclose all assets and liabilities to the supervising probation officer. Defendant shall not transfer, sell, give away, or otherwise convey any major asset (not including those items in inventory), without the advance approval of the supervising probation officer.
15. Defendant shall surrender or make available for review, any documents and/or business records, requested by the supervising probation officer.
16. Defendant shall not incur any new debt, open additional lines of credit, or enter into any financial contracts, without the advance approval of the supervising probation officer and if the Court imposed restitution payment plan is not current. If defendant is current with the payment plan, no advance approval is required.
17. Defendant shall submit to a search, conducted by a U.S. probation officer, at a sensible time and manner, based upon reasonable suspicion of contraband or evidence of violation of a condition of supervision. Failure to submit to search may be grounds for revocation. Defendant shall warn persons with whom defendant shares a residence that the premises may be subject to search.
18. Defendant shall within 120 days after sentencing, develop and implement a policy and procedure for timely reporting to appropriate government officials any suspected or possible violation of law in connection with animal pharmaceuticals. Prior to implementation, this policy and procedure is to be reviewed with the supervising probation officer.
19. Defendant shall within 120 days after sentencing, develop and implement a policy and procedure that protects employees who report suspected violations of the law from corporate retaliation. Prior to implementation, this policy and procedure is to be reviewed with the supervising probation officer.
20. Defendant shall within 120 days of sentencing, provide written notice to all employees of the charge of conviction, the term of supervision, the conditions of supervision, and the name and telephone number of the supervising probation officer. This notice will be signed by each employee and retained in that employee's personnel file. All future employees shall receive the same notification at the time of hiring. The written notice shall be developed in cooperation with the supervising probation officer.
21. Defendant shall notify the supervising officer prior to the implementation, modification, or termination of any policy or procedure addressing animal pharmaceuticals. Defendant shall review with the supervising officer any changes in policy and procedure prior to the implementation of those changes.

DEFENDANT ORGANIZATION: Animal Pharmaceuticals, Inc.,
CASE NUMBER: 2:06CR02116-001**CRIMINAL MONETARY PENALTIES**

The defendant organization must pay the following total criminal monetary penalties under the schedule of payments on Sheet 4.

	<u>Assessment</u>	<u>Fine</u>	<u>Restitution</u>
TOTALS	\$125.00	\$187,410.50	\$312,589.50

☒ The determination of restitution is deferred until 4/30/2008. An *Amended Judgment in a Criminal Case* (AO 245C) will be entered after such determination.

☒ The defendant organization shall make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant organization makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
***Dave Adams	\$719.40	\$719.40	First
***Arwana Farms	\$239.80	\$239.80	Second
***John Baldwin	\$4,218.97	\$4,218.97	Third
***Cascade Feeders	\$221.20	\$221.20	Fourth
Harrold Bros Dairy	\$440.00	\$440.00	Fifth
***Maxine Haumont	\$2,064.00	\$2,064.00	Sixth
***John Lopes	\$476.40	\$476.40	Seventh
***Para Livestock	\$10,394.11	\$10,394.11	Eighth
***Reata Ranch	\$211.75	\$211.75	Ninth
***Neal Schoen	\$2,996.38	\$2,996.38	Tenth
***Kurt Spencer	\$2,113.70	\$2,113.70	Eleventh
TOTALS	\$ 312,589.50	\$ 312,589.50	

☐ Restitution amount ordered pursuant to plea agreement \$ _____

☐ The defendant organization shall pay interest on restitution or a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 4 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).

☒ The court determined that the defendant organization does not have the ability to pay interest, and it is ordered that:

☒ the interest requirement is waived for the ☒ fine ☒ restitution.

☐ the interest requirement for the ☐ fine ☐ restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

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ADDITIONAL TERMS FOR CRIMINAL MONETARY PENALTIES

The Clerk will pay the received restitution to the claimants in alphabetical order until each claimant in succession is paid in full the amount due by this Order with the exception of Curtis Feedlot, Mark Arnstein, LLC, and Van de Graaf Ranches; these entities will be paid a proportionate amount of each restitution payment as received after all other claimants are paid in full.

Pursuant to 18 U.S.C. § 3571(c)(5) and 21 U.S.C. § 333(a)(1), the Court imposes a fine of \$187,410.50 jointly and severally against Defendants. This fine shall be paid according to the same payment schedule set forth above but after all the claimants are paid in full. The fine imposed constitutes the balance of the \$500,000.00 after restitution payments as ordered by the Court.

Payments regarding restitution owing to victim Van De Graaf:

Van De Graaf Ranches
Make check payable to Van De Graaf Ranches, Re: Noyes/API payment.
Mail to:
Lawrence E. Martin
Velikanje Halverson, P.C.
P.O. Box 22550
Yakima, WA. 98907

Payments regarding restitution owing to victim Mark Arstein:
Make check payable to Lukins and Annis, Re: Mark Arstein, L.L.C.; Noyes/API payment
Mail to:
Lukins and Annis Law Firm
Attn: Trevor Pincock, Attorney
717 W. Sprague,
Spokane, WA. 99201

Payments regarding restitution owing to victim Curtis Feed Lot:
Make check payable to Curtis Feedlot, Re: Noyes/API payment
Mail to:
Toni Meacham, Attorney
Attorney Law Firm
1420 Scootney Road,
Connell, WA 99326

AO 245E (Rev. 12/03) Judgment in a Criminal Case for Organizational Defendants
Sheet 3B — Criminal Monetary Penalties

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ADDITIONAL RESTITUTION PAYEES

<u>Name of Payee</u>	<u>Total Loss*</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
***Noe Valencia	\$322.31	\$322.31	Twelfth
***Jane Whetzel	\$129.48	\$129.48	Thirteenth
***Van De Graaf Ranches	\$53,107.36	\$53,107.36	See Page 5 above
***Mark Arstein	\$95,136.92	\$95,136.92	See Page 5 above
***Curtis Feed Lot	\$139,797.72	\$139,797.72	See Page 5 above

* Findings for the total amount of losses are required by Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

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SCHEDULE OF PAYMENTS

Having assessed the organization's ability to pay, payment of the total criminal monetary penalties are due as follows:

- A ☐ Lump sum payment of \$ _____ due immediately, balance due
- ☐ not later than _____, or
☐ in accordance with ☐ C or ☐ D below; or
- B ☐ Payment to begin immediately (may be combined with ☐ C or ☐ D below); or
- C ☐ Payment in _____ (e.g., equal, weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this judgment; or
- D ☒ Special instructions regarding the payment of criminal monetary penalties:

Beginning September 1, 2008 defendant shall pay jointly and severally restitution to the Clerk of the Court as follows:
\$3,000.00 each month for the first year
\$5,000.00 each month for the second year
\$8,000.00 each month for the third year
\$13,833.33 each month thereafter until the total payments amount to \$500,000.00. Also see Additional Terms on Page 5.

All criminal monetary penalties are made to the clerk of the court.

The defendant organization shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

☒ Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

Bruce Noyes, CR-06-2116-EFS-03 \$312,589.50 for restitution and \$187,410.50 for fine for a total amount owing of \$500,000.00.

- ☐ The defendant organization shall pay the cost of prosecution.
- ☐ The defendant organization shall pay the following court cost(s):
- ☐ The defendant organization shall forfeit the defendant organization's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.